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ABSTRACT

This paper focuses on the economic, social, and political considerations of contracting. The increasing tendency of government to contract services is attributed to higher financial stress facing local governments, a growing political belief that the extent of government should be reduced, and the perception that the private sector is a more efficient service provider. While the potential exists for cost savings, transaction costs of negotiating contracts can be substantial. A poorly written contract can wreak havoc on future opportunities and affect the community trust to engage in such activity. Public officials should insist on a performance clause in the contract that protects both seller and buyer. Local officials can reduce uncertainty by thoroughly exploring alternative strategies before making the formal decision to contract services. A key issue that encompasses economic, political, and social concerns is how the benefits to contracting are distributed. Equity of access to services should be considered by communities contemplating shifts in the method of service provision. Land grant universities and cooperative extension services might assume an important role in helping local communities faced with service provision problems. Extension agents have a long history of engaging in community development activities. Intergovernmental contracting, or contracting from another unit of government, has been another popular strategy adopted by local units for the provision of services to citizens. This paper offers appendices giving a state-by-state listing of constitutional and statutory legislation related to intergovernmental contracting and a list of services most often contracted. (TES)

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**ECONOMIC, SOCIAL AND POLITICAL ISSUES
OF INTERGOVERNMENTAL CONTRACTING**

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Introduction

The provision of services through contractual arrangements is not a new concept for the public sector. Evidence exists that local governments have contracted with each other for the production and provision of services since the early 1850s (Honadle 1982). Mutual aid agreements, a form of a contracting arrangement - has been a strategy employed by many units of government, especially in rural areas, as a means to provide backup capacity in the event of emergencies, such as for police and fire protection. An American Public Works Association survey in 1939 indicated that 34 percent of the cities surveyed collected solid waste by means other than a municipally run collection service (Young, 1972).

Historically, state and local governments have contracted with the private sector to construct and maintain the extensive infrastructure system that provides communities with water, handles our waste, transports people and goods across an interconnecting road network and provides the energy necessary for commerce and community life. Here in the midwest, it was a common practice years ago for local townships to contract with farmers to provide the needed teams of horses to construct township and county roads.

Local governments when first adopting technology to computerize tax rolls and tax bills, contracted out the service to private firms. Twenty years ago in Michigan, two firms virtually controlled all computerization of county and city property tax rolls. Many counties around the country have for years contracted with private firms for their abstract services and microfilming. With the many experiences that local units have had with contracting services, why all the sudden attention on contracting and privatization?

The answer is attributable to many factors including the accumulation of financial stress facing local units of government, a growing political ideology that the size of government should be reduced and the perception that the private sector is more efficient in the production and provision of services (Main, 1985; Holmes, 1985; Florestano, 1982). Spurred by the slowing in the growth rate of the yield of the property tax, voter resistance to approve additional millage requests, the enactment of spending and tax limitations such as, Proposition 13-California, Proposition 2 1/2-Massachusetts, Headlee Proposition-Michigan, coupled with a decrease in the flow of federal grants and aid, public decision-makers have taken a renewed interest in the concept of contracting for services as a means of reducing the strain on local budgets and taxpayers. Ruttan (1978) and Otto and Edelman (1988) report that fiscal stress is in part responsible for "induced institutional innovation", that is, a change in the institutional structure to produce and deliver services. Otto and Edelman examined intergovernmental agreements filed by county governments in Iowa between 1984 and 1986 to determine the factors

contributing to the adoption of institutional innovations. The researchers found that institutional innovation or the use of intergovernmental agreements were associated with more highly populated counties with relatively lower property tax valuations. In contrast, more sparsely populated counties with relatively larger property tax valuations would be less inclined to adapt institutional innovations (Otto and Edelman, p.10). Their findings are consistent with what one would expect, that is, units with less revenue generating ability are more likely to adapt alternate production and provision methods to meet citizens demand for selected services.

Research by Ahlbrandt (1973) fire protection, Savas (1976) refuse collection, Sinclair (1975) police protection, Hatry (1983) general services and The International City Management Association assessment study (1982) and Van Eaton (1989) of services that have been privatized, are but a few of the research efforts that have contributed to the growing body of knowledge of the cost advantages of contracting for services and privatization.

Additionally, local officials have become cognizant of the fact that for a unit to **provide** a service does not necessarily mean that a unit has to **produce** the service. A local unit faces an array of choices about how the service, either demanded by the public or deemed necessary by decision-makers, can be provided. Local units can be both producer and provider, co-producer (joint production and provision), transfer the function and responsibility to another unit, or the service can be secured by contract from either public or private sources. The Urban Institute's 1983 report by Harry Hatry identified eleven alternatives to delivery of basic services by local government, many of which included some form of privatization. Hatry identified the following options: (1) contracting out/purchase of service, (2) franchises, (3) grants/subsidies, (4) vouchers, (5) volunteers, (6) self-help, (7) use of regulatory and taxing authority, (8) encouragement of private organizations to take over an activity (service shedding), (9) "demarketing" to reduce demand for service, (10) obtaining temporary help from private firms, and (11) user fees and charges to adjust demand.

While the current literature generally refers to "contracting out" as "contracting from the private sector", the definition needs to be expanded to contracting from either the public or private sector. Municipalities and counties often have the capacity and management ability to provide a service competitive with the private sector. Additionally, in communities where a private provision options are lacking, contracting services from another public entity is the only option available other than self-production.

The focus of my discussion relates to the economic, social and political considerations of contracting. There is ample literature that discusses the types of services that are being secured by municipalities through contracting, both public and private. Readers are referred to the bibliography on public/private service delivery appearing in ACIR Report No. A-103, October 1985 and the citations in this paper as a guide to further reading.

Public Sector Provision

Government is involved in the production and provision of services for a variety of reasons. Some services possess the characteristic of high exclusion costs meaning that the provision of the service to individual A results in individual B enjoying the benefit and cannot be excluded. A service with high exclusion costs develops "free riders", individuals enjoying a benefit without paying the cost. The existence of the free rider problem serves as a constraint to the development of a private market. Therefore, government levies taxes as a means of paying for the provided service and the elimination of the free rider. Whenever high exclusion costs in the provision of a service are present, private markets fail to develop and government serves as the provider. Mandatory and collective consumption is required for services such as courts or sewage disposal. Private alternatives may be lacking for the provision of some services, therefore, government becomes the last resort for the provision of the service. Services such as public housing or public education may be functionally similar to available private alternatives, but qualitatively different in ways that society prefers. Still other goods and services may differ from private ones in no way other than in the distribution of beneficiaries and costs (Havemen and Margolis, 1983). The existence of externalities, third party effects, or spillover benefits, is an additional reason why a good or service is thrown into the government sector for production and provision. Governments involvement in pollution, education, environmental protection, safety and health enforcement to name a few were based on the externality argument.

Understanding the nature of the service or good involved is a necessary first step prior to exploring alternative service delivery options. What were the unique characteristics and the economic or political conditions that existed at the time the municipality or county choose to become the producer and provider? What changes have occurred that prompt a rethinking about how a service is provided to citizens?

Contracting Out: Public or Private Providers?

Intergovernmental contracting, contracting from another unit of government, has been a popular strategy adopted by local units for the provision of services to citizens. Local governments that became involved in sewer and water systems, police and fire protection, solid waste collection and disposal and generation of electricity found that these services possessed the characteristic of having scale economies in both production and finance. Excess capacity was generated, making it possible to sell capacity to neighboring units. The 1983 ACIR study examined the extent of intergovernmental contracting and found that states had provided the necessary enabling legislation to permit intergovernmental contracting and transfer of function and responsibility as a means of encouraging local units to explore alternative service delivery arrangements. ACIR's 1974 report on intergovernmental service arrangements found that 42 of the 50 states had general cooperative laws covering joint service agreements. The study also identified 30 states with separate or related laws authorizing contracting between governmental units. By 1983, ACIR found that all states had laws that authorize local jurisdictions to enter into agreements. In addition, 45 of the 50 states now have statutes that specifically grant local jurisdictions the authority to negotiate intergovernmental contracts for purchasing services (ACIR Report A-103, October 1985). Most states have also provided the necessary enabling legislation which permits local governments to enter into service agreements or contracts with private firms. Readers are referred to Appendices A - H at the end of this paper for a state-by-state listing of the constitutional and statutory legislation related to intergovernmental contracting and the listing of services most often contracted. Public decision-makers, in exploring alternative service delivery arrangements, may well find that securing services from a neighboring unit of government or entering into joint production arrangements can provide the cost savings that the unit is attempting to achieve. The economic, social, legal and political issues that surround contracting are applicable to both contracting from the public sector as well as securing services from the private sector.

Economic Issues

The movement to contracting out is generally motivated by the desire to capture economic savings in the provision of a specific service or to obtain an increased level of the service. Prior to contracting out, local decision-makers need to assess the internal economic conditions of the local unit to determine why the same cost savings cannot be generated by self-provision. Does the service or activity in question possess the characteristic of economies of scale that the unit is unable to capture under the current

structure? Is the necessary specialization in production, provision and management unavailable to the unit? Have labor costs ratcheted upward due to unionization and changes in work rules resulting in higher per unit service costs? Is the unit unable to capture technological innovations which have the potential to reduce per unit production and provision costs? Is the community experiencing a duplication of services with other public entities as well as private alternatives? Does the financial situation of the unit dictate that needed capital investments have to be delayed in order to adopt new technology, replace worn out equipment and facilities that have the potential to reduce the costs of provision? Is the current system of financing appropriate for the service being produced and provided? Would switching to a user fee system relate benefits received to costs involved in production? If such a switch is made, what are the distributional consequences?

The exploration of alternatives should include an assessment of the marketplace. Do private markets exist for the service under consideration for contracting? What is the structure of the market, competitive, monopoly, duopoly or oligopoly? Are we exchanging one public monopoly for a private monopoly? If so, what will be the expected performance of the private monopoly? What institutional rules will need to be established in order to monitor performance of the outside service provider? What has been the performance of the alternate provision sources? Have other local units contracted with the firm or public entity and what have been their experiences? Will the service under consideration be allocated to one company or will service districts be established in order to spread the risk and foster competition?

How will the service be financed if the service is contracted out? Will the provision of the service be paid for from general property tax levies, user charges, service fees? Does this represent a change from the current structure of financing? What would be the distributional consequences of such a change in financing? The elasticity of demand and price elasticity have to be considered whenever a change in the method of paying for a service is altered. How a unit or individual pays for a service will have supply and demand implications. Will switching to a user fee system increase or decrease demand for the service? Will citizens be offered an option on the amount of services to consume or is the service a compulsory collective consumption service? Switching to a user base system of financing assumes that costs and benefits can be correlated and that individual consumption or use of the service can be determined in order to arrive at the appropriate service cost.

The economics of contracting should be derived from facts not perceptions. The political ideology that the private sector is more efficient in the delivery of services,

while politically appealing, may, in fact, not hold true for all cases and types of services. Perhaps a more challenging question for decision-makers is why isn't the local unit more competitive and cost conscious? Local units may be able to make internal institutional and structural adjustments that have the potential to capture costs savings negating the need to seek outside contractual provisions. Local governments, lacking the specialization in specific services, may well find distinct cost savings in contracting out and privatizing selected services. Is it possible for the unit to be more competitive internally? For example, is turf protection a problem, have departments that have the potential to merge resources to capture specialization in management and skills been approached to consider restructuring service delivery to gain efficiencies?

Political Considerations

The current political climate fosters the movement toward exploring alternate service delivery options. The Washington scene has promoted the private sector as being an important factor in downsizing government. The Grace Commission Report strongly urged governments at all levels to actively seek private alternatives to public provision as one means to reduce the stress on governmental budgets and provide relief to taxpayers. Local officials have found that promoting contracting, especially with the private sector, fosters the image of cost consciousness and can be used to gain votes and political support. For those citizens who suspect that public bureaucracies are inefficient or growth oriented, greater reliance on contracting is a positive strategy which checks the government's position as a monopoly and restrains its size (Florestano 1982). In order for a unit to privatize a service, a private market must exist. Rural communities are generally unable to privatize services due to the lack of private alternatives.

Contracting may provide citizens with services that would otherwise be unobtainable. If a unit is financially strapped and decides to eliminate a service, contracting combined with a shift in basis of financing may retain the service demanded by citizens. Service quantity and quality may be improved through alternate delivery approaches. Savas (1977) found that private providers in refuse collection tended to deliver an improved quality of service that resulted in fewer complaints over spilled garbage, damaged cans and other similar performance measures.

Adopting service strategies other than self-production and provision may be a difficult goal to reach if unions play a prominent role in a municipality. If the union contract prohibits sub-contracting, as many union contracts do, local officials may have to renegotiate management rights clauses prior to adopting contracting strategies.

Political opposition to contracting will be fostered by unions and employees who feel their jobs are threatened. Public employees have charged local officials with corruption and collusion in instances where the decision was made to seek alternate provision strategies (Voisin 1986). Phase-out through job attrition can help to alleviate the fear of job loss among unions and civil service employees. Employee resistance can be mitigated by extending preferential treatment to public employees and establishing agreements with private contractors to hire displaced employees (Bast and King 1986).

An important political consideration involves the ability of citizens to articulate preferences for service quality once a change is made to alternate delivery sources. In the case of a unit producing and providing the service, citizen access via locally elected officials has provided a conduit for the registering of complaints and amelioration of problems. Care needs to be exercised and provisions developed that insure that citizens preferences are counted and that action is taken to respond to discontent. Citizens become concerned when structural changes are made that expands the distance between the citizen and the provider.

Social Concerns

Equity of access to services becomes an issue in communities contemplating shifts in the method of provision of services. Questions are raised if the local officials will have control over the quantity and quality of the services being generated by an outside provider. Will the new provider display a sense of community and desire to serve the public? Others counter that the service quality and care improves with private firm provision (Savas 1977 and Main 1985). If a shift in method of finance accompanies the contracting strategy, such as, adopting user fees to replace a general tax levies, the issue of exclusion become dominant. Are low income individuals excluded from enjoying a service due to the service fee? Bast and King (1986) assert that "user fees are more equitable than taxes and discourage overuse of public service". One has to question such a statement for equity is a subjective judgement. The question is "equitable for whom?" Provisions may need to be developed that assist individuals and groups who are adversely impacted by the adoption of contracting strategies.

Citizens have for years expressed their preferences for services that they perceive improve their quality of life. Some services, such as parks, libraries, bike trails, nature centers, police services that assist stranded motorists who have locked keys inside their cars, could be totally privatized and provided only through user fees, but society has also been compassionate and concerned about providing an array of services that guarantee

access regardless of income situation. In our fervor to adopt cost savings measures, one must keep in mind the potential to create situations where "people are left behind".

A key issue that encompasses economic, political and social concerns is how the benefits to contracting are distributed. If scarce resources are saved and economic savings are generated through contracting, how are the savings redistributed? Do taxpayers benefit through a reduced tax burden? Are other services enhanced, or perhaps protected from the budget axe? Does the public benefit from the disposal of surplus equipment and building rendered obsolete through the adoption of a contracting strategy? Does the private provider give jobs to the displaced municipal workers thereby protecting the stream of income for the displaced worker's families? Has the local government body provided tax breaks to a new firm that now is bidding on a service contract? (one of the factors that permits the private firm to be more competitive than municipal provision is the cost break tax break to the firm.) The distribution of benefits need to become part of the calculus in arriving at the decision to contract out services.

Performance Contracting

The failure of joint production agreements, intergovernmental agreements and privatization of services can be attributed in part to the failure to adopt performance contracts. As the name implies, performance variables become an integral part of the legal contract. Public decision-makers should insist on performance clauses in the contract. Performance clauses protect both the seller and buyer. A performance contract specifies: legal authority which permits the parties to engage in a contractual arrangement; the type of service being contracted: service area; quantity of service; quality of service; method of delivery; timeliness of service; equipment to be used; ownership of equipment and facilities; management of personnel and personnel rights; staffing; service charges; method of finance; contract administration; limitations and restrictions; disposal of equipment and assets in the event of termination (a provision needed in joint production agreements); and duration, termination, method for review and amending the contract.

In addition, performance contracts should contain, if appropriate, penalty clauses for non-performance and reward clauses for meeting deadlines and extraordinary performance standards. The penalty and reward clauses, if properly constructed, can prove to be sources of cost savings to both the producer and provider of contractual services. Public entities involved in construction activities have found the penalty/reward clauses as a means to insure that construction takes place on time and to

the specifications stipulated in the contract. The concept has applicable relevance to contracting for public services as well.

Extension's Role In Assisting Local Communities

Land grant universities and the Cooperative Extension Services can assume an important role in assisting local communities faced with service production and provision problems. As financial stress forces the re-thinking of the types and quantity of services provided to community residents, extension agents have the opportunity to broker organizational and technical support to communities considering alternate production or provision strategies. Extension agents have a long and productive history of engaging in community development activities. In Michigan for example, county extension staff broker extension state and local government university specialists into communities facing public service provision problems. Specialist support is aimed at delivering educational programming and technical assistance addressing collaborative effort options, developing intergovernmental agreements and researching pricing strategies. Assembling the appropriate decision-makers together in an educational setting is often the most critical step to reaching problem resolution.

As indicated in earlier discussion, intergovernmental contracting and privatization present a host of political, economic and social issues that have to be addressed in open forum. Issues of jurisdictional boundaries, sense of community, pricing, quantity/quality, management and control all represent topics that have to be addressed prior to the decision to change the method of provision of services or establish new institutional linkages. Extension education has the potential to reduce uncertainty. If decision-makers are "swimming in a sea of uncertainty" the likelihood of new institutional arrangements emerging from the heat of battle are slim to none. Extension agents, operating as change agents, can determine the teachable moment and provide both organizational and technical support needed to address the provision of service problem.

Local communities, especially rural communities, will continue to face fiscal stress due to slow growth of property tax bases. It is unlikely that citizens will reduce their demand for publicly provided services or express a higher degree of willingness to bear higher tax burdens. Community decision-makers in order to balance stressed budgets will be forced to explore alternate production and provision strategies in order to continue to provide or expand the present level of services. Extension agents will continue to have new opportunities to assume a proactive stance in community development. While the potential for becoming involved in heated political issues is prevalent, sound educational

programming can defuse politicized issues such as intergovernmental contracting. Exploring alternatives has always been a sound strategy adopted by change agents.

Summary

Contracting out, intergovernmental contracting or collaborative arrangement for services have the potential to relieve stressed governmental budgets and provide cost savings through more efficient delivery of services and the elimination of the duplication of services. Research referred to in the context of this paper underscores the success that many communities have experienced in adopting alternate service delivery systems. Contracting is not all roses and without a few thorns. While the potential exists for cost savings, the transaction costs involved in negotiating contractual arrangements can be substantial. More than one intergovernmental agreement or private service agreement has met its demise due to the failure to account for transaction costs. Past working relationships, especially in situations involving local governments, play an important role in setting the tenor for future opportunities for establishing contractual arrangements. A poorly written contract or non-performance by a firm which was granted a public service provision contract by a local governing body can wreak havoc on future opportunities and community trust to engage in such activity. Uncertainty can prove to be a major stumbling block for the execution of intergovernmental service agreements and contracts with the private sector. Local officials can only remove or reduce uncertainty through the thorough exploration and study of alternative strategies prior to making the formal decision to engage in contracting as a means to providing services. Contracting requires perseverance, persistence, compromise and a well written performance contract.

Appendix

APPENDIX A

States with Authority for
Intergovernmental Agreements and Contracts,
June 1983

State	Joint Powers (1)	Inter-govern- mental Con- tract Powers (2)	Private Contract Authority (3)	Mutuality of Powers*		Power of One Unit**		
				Joint (4)	Contract (5)	Joint (6)	Contract (7)	
Alabama	X	X	X					AL
Alaska	X			X				AK
Arizona	X	X		X			X	AZ
Arkansas	X			X				AR
California	X	X	X	X				CA
Colorado	X	X				X	X	CO
Connecticut	X	X	X	X				CT
Delaware	X	X						DE
Florida	X	X	X			X		FL
Georgia	X	X						GA
Hawaii	X	X						HI
Idaho	X	X				X	X	ID
Illinois	X	X	X			X	X	IL
Indiana	X	X	X	X				IN
Iowa	X	X	X	X	X			IA
Kansas	X	X		X	X			KS
Kentucky	X	X		X				KY
Louisiana	X							LA
Maine	X	X				X	X	ME
Maryland	X	X	X			X	X	MD
Massachusetts	X	X	X	X			X	MA
Michigan	X	X	X	X	X	X	X	MI
Minnesota	X	X	X			X		MN
Mississippi	X					X		MS
Missouri	X	X						MO
Montana	X	X	X					MT
Nebraska	X	X	X			X	X	NE
Nevada	X	X						NV
New Hampshire	X	X	X	X			X	NH
New Jersey	X	X	X			X	X	NJ

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APPENDIX A

State	Joint Powers (1)	Inter-governmental Contract Powers (2)	Private Contract Authority (3)	Mutuality of Powers*		Power of One Unit**		
				Joint (4)	Contract (5)	Joint (6)	Contract (7)	
New Mexico	X	X	X			X	X	NM
New York	X	X	X	X	X		X	NY
North Carolina	X	X	X			X	X	NC
North Dakota	X	X	X			X	X	ND
Ohio	X	X	X			X	X	OH
Oklahoma	X	X	X	X				OK
Oregon	X	X	X			X	X	OR
Pennsylvania	X	X	X			X	X	PA
Rhode Island	X	X		X				RI
South Carolina	X			X				SC
South Dakota	X	X						SD
Tennessee	X	X				X	X	TN
Texas	X	X	X					TX
Utah	X	X						UT
Vermont	X	X	X	X				VT
Virginia	X	X		X	X			VA
Washington	X	X						WA
West Virginia	X	X						WV
Wisconsin	X	X	X	X	X	X	X	WI
Wyoming	X	X		X				WY
TOTAL	50	45	26	20	6	19	20	

* "Mutuality of powers" provision limits cooperative or contractual agreements to those services that each of the participating local governments is already empowered to provide.

** "Power of one unit" provision requires that only one of the participating governments must have statutory authority for service provision prior to the negotiation of a contract or joint agreement.

Source: ACIR staff research. Based on legal review current as of June 1983.

APPENDIX B

Procedural Requirements for Intergovernmental Agreements, June 1983

State	Joint Powers				Contract Powers				
	Approval of Local Governing Bodies	Approval of State Attorney General	Terms of Negotia- tion*	Resolu- tion Or- dinance Required	Approval of Local Governing Bodies	Approval of State Attorney General	Terms of Negotia- tion*	Resolu- tion Or- dinance Required	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Alabama			X	X			X		AL
Alaska				X				X	AK
Arizona		X	X	X			X	X	AZ
Arkansas									AR
California		X	X	X		X	X	X	CA
Colorado									CO
Connecticut	X	X	X		X	X	X		CT
Delaware									DE
Florida		X	X	X		X	X	X	FL
Georgia			X	X			X	X	GA
Hawaii									HI
Idaho		X				X			ID
Illinois						X			IL
Indiana		X	X	X		X	X	X	IN
Iowa	X		X	X	X		X	X	IA
Kansas		X		X		X		X	KS
Kentucky		X	X	X		X	X		KY
Louisiana		X				X			LA
Maine	X			X				X	ME
Maryland		X		X		X		X	MD
Massachusetts	X			X	X			X	MA
Michigan	X	X	X		X	X	X		MI
Minnesota							X		MN
Mississippi									MS
Missouri		X		X		X			MO

APPENDIX B, (cont,)

State	Joint Powers				Contract Powers				
	Approval of Local Governing Bodies	Approval of State Attorney General	Terms of Negotiation*	Resolution Ordinance Required	Approval of Local Governing Bodies	Approval of State Attorney General	Terms of Negotiation*	Resolution Ordinance Required	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Montana		X	X	X		X	X	X	MT
Nebraska				X				X	NE
Nevada		X		X		X		X	NV
New Hampshire	X				X				NH
New Jersey	X		X	X	X		X	X	NJ
New Mexico	X			X	X			X	NM
New York			X				X		NY
North Carolina	X		X	X	X		X	X	NC
North Dakota	X			X	X				ND
Ohio			X	X			X	X	OH
Oklahoma	X	X		X	X	X		X	OK
Oregon									OR
Pennsylvania	X	X			X	X			PA
Rhode Island							X		RI
South Carolina	X			X				X	SC
South Dakota		X		X		X	X	X	SD
Tennessee	X			X	X	X	X	X	TN
Texas	X				X				TX
Utah	X	X		X	X	X		X	UT
Vermont	X	X	X		X	X	X		VT
Virginia	X		X	X	X		X	X	VA
Washington	X				X	X			WA
West Virginia	X	X		X	X	X	X	X	WV
Wisconsin		X	X	X		X	X	X	WI
Wyoming	X				X				WY
TOTAL	21	21	18	30	19	23	23	26	

Source: ACIR staff research. Based on legal review current as of June 1983.

APPENDIX C

State Constitutional and Statutory References on
Intergovernmental Agreements, June 1983

<u>State</u>	<u>State Law Citations</u>	<u>Constitutional Citations</u>
Alabama	Sec. 10591 466 to 14111	
Alaska	A.S. 29.48010 (14)	Art. X, Sec. 13
Arizona	A.R.S. 11-951/11.954	
Arkansas	Sec. 14-901/14-908	Amendment No. 55c
California	Gov. Codes 6500/6583	
Colorado	C.R.S. Title 29, Art. 1-201, Part 2	Art. XIV, Sec. 18(2)
Connecticut	C.G.S.A. Sec. 7-339A/7-339L	
Delaware	D.C.A. Title 11, Sec. 1944	
Florida	F.S.A. Title 11, Sec. 163.01	Art. VIII, Sec. 4
Georgia		Const. Art. IX, Sec. 3, Para. 1 and Art. IX, Sec. 2, Paragraph 3
Hawaii	H.R.S. Sec. 248-5 and Sec. 46-8	Art. XIV, Sec. 5
Idaho	I.C. Sec. 67-2326/67-2333	
Illinois	I.R.S. Ch. 127, Sec. 741 et. seq.	Art. VII, Sec. 10
Indiana	I.C. 36-1-7/36-1-7-12	
Iowa	I.C.A. Sec. 28 E-1	
Kansas	K.S.A. Sec. 12-2901-12-2907 and specific laws.	
Kentucky	K.R.S. Sec. 5 65-210/65-300	
Louisiana	L.R.S. Secs. 33: 1321/1334	Art. VI, Sec. 20
Maine	M.R.S.A. Title 30 Secs. 1951/1953	
Maryland	M.A.C. Art. 23B Sec. 22 (15)	

APPENDIX C, (Cont.)

<u>State</u>	<u>State Law Citations</u>	<u>Constitutional Citations</u>
Massachusetts	M.G.L.A. Ch. 40 Sec. 4A	Art. III, Sec. 5; Art. VII, Sec. 28
Michigan	M.C.L. Secs. 124.501/124-512	
Minnesota	M.S.A. 471.59	Art. VI, Secs. 14 and 16
Mississippi	Code 17-5-1; 17-13-1/ 17-13-17	
Missouri	V.A.M.S. 70.210/79.370	
Montana	M.C.A. Title 7, Ch. 11, Sec. 101/108	Art. XI, Sec. 7
Nebraska	R.S.N. 23-2201/23-2207	
Nevada	N.R.S. 277.080/277.180	Art. IX, Sec. 1(c) Art. V, Sec. 7
New Hampshire	N.H.R.S.A. Ch. 53.A	
New Jersey	N.J.S.A. 40: 48 B1	
New Mexico	N.M.S.A. 11-1-1/11-1-7	Art. IX, Sec. 1(c) Art. V, Sec. 7
New York	G.M.L. Sec. 244-b; Art. 12C & Sec. 209-S/209-T	
North Carolina	Sec. 160A-461/160A-464	
North Dakota	N.D.C.C. 18-10-10; 54-40-01/54-40-09	
Ohio	O.R.C.A. Title 3, Sec. 307.14/307.19	
Oklahoma	O.S.A. Title 74, Sec. 1001/1008	Art. IX, Sec. 5
Oregon	O.R.S. Sec. 190.003/190.110	
Pennsylvania	53 Sec. 481/490	Art. VIII, Sec. 13
Rhode Island	R.I.G.L. Ch. 40, Sec. 45-40.2	
South Carolina	C.L.S.L. 4-9-40; 6-1-20	Art. IX, Sec. 3
South Dakota	S.D.C.L. 1-24-1/1-24-10 & 2-9-25/2-9-29	
Tennessee	T.C.A. 12-19-101/12-9-109	Art. VII, Sec. 3
Texas	T.C.S.A. Art. 4413 (32c)	
Utah	U.C.A. Sec. 11-13-1	
Vermont	V.S.A. Title 24, Sec. 4801	
Virginia	V.C.A. Sec. 15-1-21, Sec. 22-1-26/22-1-27	
Washington	39.34.010	Art. VII, Sec. 3
West Virginia	W.V.C. Art. 23, Sec. 8-23-1/8-23-9	
Wisconsin	W.S.A. 66.30	
Wyoming	U.S. 16-1-101/16-1-109	

Source: ACIR staff research. Based on legal review current as of June 1983.

APPENDIX D

Constitutional and Statutory Authorization for Service Transfers, June 1983*

State	Citation	Approval of Govern- ing Body of		Concurrent Voter Majorities	Revo- cation	
		Trans- feror	Trans- feree			
<u>Constitutional</u>						
Alaska	Art. X, Sec. 13	1/	X		X	AK
California	Art. XI, Sec. 8(a)(b)	X	X		X	CA
Florida	Art. VIII, Sec. 4	X	X	X		FL
Georgia	Art. IX, Sec. 3 Part 2	X	X	X	X	GA
Hawaii	Art. XVIII, Sec. 6	X	X			HI
Illinois	Art. VII, Sec. 10	X	X			IL
Michigan	Art. VII, Sec. 28	X	X			MI
Montana	Art. XI, Sec. 7(c)	X	X			MT
New York	Art. IX, Sec. 1(h)		2/**	X		NY
North Dakota	Art. VII, Sec. 10	X	X	X		ND
Ohio	Art. X, Sec. 1	3/	2/	X	X	OH
Pennsylvania	Art. IX, Sec. 5	X	X			PA
South Carolina	Art. VIII, Secs. 12 & 13	X	X	X		SC
South Dakota	Art. IX, Sec. 3	X	X	X		SD
Virginia	Art. VII, Sec. 3	X	X			VA
<u>Statutory</u>						
Alaska	A.S. 07.20.080; 29.48.035(b), 29.33.010	X	4/			AK
California	Gov. Code Sec. 51330/51335	X	X		X	CA
Connecticut	C.S.C. 7-330/7-339	X	X	X	X	CT
Georgia	G.S.C. 36-65-1/36-65-10	X	X	X	X	GA
Illinois	1-11 Rev. Stat. Ch. 127, Sec. 174 et. seg.	X	X			IL
Michigan	Sec. 5.4087	X	X		X	MI
Montana	M.C.A. 53-2-301/53-2-307	X	X			MT
New York	M.H.R.L. Sec. 33a & S.S.L. Art. 3, Title 3a		2/	X	X	NY
Pennsylvania	53 Sec. 481	X	X			PA
Vermont	24 Sec. 4902(b)	X	X	X		VT
West Virginia	W.V.C. Ch. 8-12-17.18	X	X			WV

1/ Cities. 2/ Counties. 3/ Municipalities and townships. 4/ Boroughs.

*Authorizations vary with respect to political subdivision and transfer function.

**Approval not required for transfers within a county.

Source: ACIR staff research.

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APPENDIX E

Ten Most Frequently Purchased Contract Services,
by Cities, Counties, and Total, 1983

Rank	Cities		Counties		Total Cities and Counties	
	Service	Number of Cities	Service	Number of Counties	Service	Number of Cities and Counties
1	Jails/Detention Homes	257	Jails/Detention Homes	70	Jails/Detention Homes	327
2	Sewage disposal	243	Fire Prevention/ Suppression	50	Sewage Disposal	267
3	Tax Assessing	187	Computer and Data Processing	46	Animal Control	218
4	Animal Control	175	Animal Control	43	Tax Assessing	210
5	Water Supply	173	Solid Waste Disposal	43	Solid Waste Disposal	209
6	Solid Waste Disposal	166	Police/Fire Communications	38	Water Supply	201
7	Police/Fire Communications	148	Libraries	36	Police/Fire Communications	186
8	Tax/Utility Bill Processing	134	Mental Health Service	33	Fire Prevention/ Suppression	159
9	Traffic Signal Installation/ Maintenance	131	Emergency Medical/ Ambulance	33	Tax/Utility Bill Processing	157
10	Sanitary Inspection	130	Water Supply Police Patrol	28	Sanitary Inspection	150

Note: For reported volume of contracts for all services, see Appendix Tables B-1 and B-2.

Source: ACIR-ICMA, 1983.

APPENDIX F

Services Delivered to Cities and Counties through
Intergovernmental Service Contracts, by
Service Category and Provider, 1983

	Total Number of Contracts	Number and Percent* of Contracts for Delivery of Services by —									
		County		City		School District		Special District		State	
		No.	%	No.	%	No.	%	No.	%	No.	%
Total, Cities and Counties	4328	2403	56	1306	30	111	3	491	11	457	11
<u>Categories of Services</u> <u>Delivered to CITIES</u>	3419	1929	56	870	25	78	2	402	12	295	9
Public Safety and Corrections	805	507	63	199	25	10	1	33	4	99	12
Public Works and Utilities	955	361	39	337	35	3		157	16	126	13
Health and Welfare	785	547	70	145	18	6	1	79	10	36	4
Transportation	170	48	28	44	26	1	1	71	42	9	5
Parks and Recreation	93	33	35	25	27	27	29	7	7	7	7
Education and Culture	119	84	70	31	26	3	2	16	2	3	2
General Government and Finance	492	349	71	89	18	28	6	39	8	15	3
<u>Categories of Services</u> <u>Delivered to COUNTIES</u>	909	474	52	436	50	33	4	89	10	162	18
Public Safety and Corrections	234	122	52	125	52	3	1	8	3	44	19
Public Works and Utilities	189	94	50	120	63	0	0	11	6	24	13
Health and Welfare	261	131	50	86	33	5	2	40	15	78	30
Transportation	30	10	33	11	37	0	0	13	43	1	3
Parks and Recreation	22	11	50	19	41	6	27	1	4	2	9
Education and Culture	40	17	42	24	60	3	7	6	15	4	10
General Government and Finance	133	89	67	61	46	16	12	10	7	9	7

*Percentages add to more than 100 because some contracts involve more than one provider. For detail by individual service, see Appendix Tables B-1 and B-2.

Source: ACIR-ICMA, 1983.

APPENDIX G

Ten Services Most Frequently Provided under Joint Agreements to
Cities, Counties, and Total, 1983

Rank	Cities		Counties		Total Cities and Counties	
	Service	Number of Cities	Service	Number of Counties	Service	Number of Cities & Counties
1	Police/Fire Communications	149	Mental Health	48	Libraries	195
2	Libraries	149	Libraries	46	Police/Fire Communications	193
3	Sewage Disposal	138	Police/Fire Communications	44	Fire Prevention/ Suppression	165
4	Fire Prevention/ Suppression	134	Jails/Detention Homes	42	Sewage Disposal	160
5	Jails/Detention Homes	107	Solid Waste Disposal	41	Jails/Detention Homes	149
6	Solid Waste Disposal	106	Programs for Elderly	40	Solid Waste Disposal	147
7	Emergency Medical/ Ambulance	100	Emergency Medical/ Ambulance	38	Emergency Medical/ Ambulance	138
8	Animal Control	95	Public Health Clinics	37	Animal Control	122
9	Recreational Facilities	89	Planning/Zoning	35	Recreational Facilities	113
10	Water Supply	78	Fire Prevention/ Suppression	31	Programs for the Elderly	102

Note: For reported volume of joint agreements for all services, see Appendix Tables B-3 and B-4.

Source: ACIR-ICMA, 1983.

APPENDIX H

Cities' Use of Private Contracting as a
Percentage of Their Use of
All (Public & Private) Contracting:
23 Selected Services, 1972 and 1982

	<u>1972 Survey,</u> <u>2,375 Cities</u> <u>Responding</u>	<u>1982 Survey,</u> <u>1,439 Cities</u> <u>Responding</u>
<u>Services with Similar</u> <u>Names in Both Surveys</u>		
Solid Waste Disposal	44%	48%
Street Lighting	80	66
Utility Billing	56	62
Ambulance Services	57	68
Animal Control	31	44
Housing	5	42
Hospitals	38	75
Recreational Facilities	4	72
Parks	3	75
Museums	20	74
Legal Services	84	91
Payroll	56	86
Tax Assessing	14	24
Personnel Services	8	80
Public Relations	67	90
<u>Services with Slightly</u> <u>Different Names in Both Surveys</u>		
Snow Plowing	30	83
Crime Prevention/Patrol	2	71
Traffic Control	4	33
Insect Control	8	42
Public Health	2	57
Drug/Alcohol Treatment	7	60
Mental Health	18	57

Source: ACIR staff calculations using ACIR, The Challenge of Local Governmental Reorganization (A-44), Washington, DC, U.S. Government Printing Office, 1974, Appendix Table III-A; and an unpublished printout on the cities part of Table B in Carl F. Valente and Lydia D. Manchester, Rethinking Local Services: Examining Alternative Delivery Approaches, Washington, DC, International City Management Association, 1984.

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